

REGULAR BOARD OF TRUSTEES MEETING MINUTES

Tuesday, November 29, 2005

Don Bennett called the meeting to order at 10:00 a.m. Other Board members present included Kevin Boehnlein, Karen Davis, Chuck Schalliol, Tim Walsh, and Cari Whicker.

TRF staff present included Cristy Wheeler, Crystal Lawson, Bob Newland, Tom Abbett, Phil Barnes, Tom Davidson, Amy Maynard, Steffanie Rhinesmith, Dave Yeater and Shelley Horner. Also in attendance were Tony Armstrong of the Budget Agency, Mary Beth Braitman of Ice Miller, Steve Moberly of IRTA, and Sally Sloan of Indiana Federation of Teachers..

The Agenda was presented.

Tim Walsh moved to approve the agenda after adding IPSI board appointments under the Director's Report. Karen Davis seconded the motion. The motion carried.

The minutes of the October 25, 2005 meeting were presented.

Tim Walsh moved to approve the Minutes after correcting the spelling of his name. Cari Whicker seconded the motion. The motion carried.

Shelley Horner presented retiree payments for the month of December 2005. Shelley distributed year end status of retiree's payments.

Cari Whicker moved to accept the payments. Karen Davis seconded the motion. The motion carried.

Tom Abbett presented the expenditures for the month of October 2005.

Cristy Wheeler discussed the Director's report.

Cristy introduced Crystal Lawson. Crystal joins TRF as the Deputy Director of Operations.

Cristy updated the board on the IPSI Board structure. TRF has two appointees, PERF has two appointees and the 5th seat alternates between PERF and TRF every other year. Previously Lynette Farrell and Shelley Horner occupied the two TRF seats. Cristy recommends herself and Crystal Lawson take over these seats for TRF. Also TRF is responsible for filling the rotating seat and she recommends Shelley Horner. The IPSI Board meets once a month.

Tony Armstrong moved to accept the recommendation to appoint Cristy Wheeler and Crystal Lawson to the IPSI board as well as Shelley Horner to the rotating seat for TRF this coming term. Tim Walsh seconds the motion. The motion carried.

Cristy reported to the Board on the Employer Workshop. TRF had a wonderful turnout with approximately 115 attendees from various schools across the state. Shelley Horner, Katrina Stuckwisch and James Gray presented. We hope to build on this new format.

Cristy and Tom Davidson updated the Board on the Anthem Prescription Drug Plan. The feedback from participants was outstanding. The Anthem drug plan terminates December 31, 2005 due to the addition of Part D. The new plan, redesigned to be a wrap or supplement to Part D, offers savings of over \$200 a month to the retirees. At our next meeting we will have a contract for review. The Anthem workshops held throughout the state went very well.

Cristy and Tom Abbett updated the Board on the State Board of Accounts (SBOA) general ledger issue. It is not necessary for the TRF Board to approve this transaction as long as there is approval from the Executive Director. Cristy Wheeler has reviewed and approved the transaction.

Bob Newland presented the Investment Reports for the month of October 2005. The RFP for consultants is close to being complete. 11 firms have submitted responses so far. The deadline is December 23, so there may be a few more. TRF staff hopes to review the applicants and possibly conduct site visits in January, with a recommendation to the Board in February. The RFP for Large Cap Value Manager is primarily on the same timeline as the consultant RFP. The Board agreed to have Tony Armstrong, Bob Newland and Steffanie Rhinesmith work together on these two RFP processes and make recommendations to the Board. The Board requested that the team consider the consultants' track records of success with particular similar clients.

Bob Newland discussed the follow up items from last month's CEM presentation. In summary our high policy return level was largely due to the transition from fixed income investments. The asset liability models are based on a fully funded TRF and so have little value for us. The board will hear the recommendations of staff once the managers have been hired. Chuck Schalliol noted what a great job Jill Purcell did in her CEM presentation last meeting.

Bob Newland reported that he had follow up with the SMID Growth Managers on their failure to report their services and fees. William Blair & Company reported their compliance department had determined they would only supply such information during the RFP process.

Bob Newland discussed 3rd quarter highlights from Callan Associates. Real estate is under allocated and the total fund attribution was 4.33% (above the Target Return of 3.91%). The five-year annualized cumulative return was 5.91% (just below the target return of 5.99%). The cumulative performance relative to target is good. TRF is in the upper left quadrant (which is ideal). The total fund ranking, in Callan's Public Fund database, is just below the median for the last year. Bob also pointed out Holt Smith and Yates posted a -3.52 for the quarter. They are currently on the watchlist.

Tom Abbett updated the board on the COLA assumptions necessary for valuation this year. Our actuary, Gabriel Roeder, Smith and Company (GRS), formulated a COLA recommendation from past COLA's. GRS recommended a 1.5% COLA. Tom Abbett distributed the history of COLA's back to 1976. The COLA percentage affects the employer rates the schools pay. TRF will need to set the employer rate in April/May 2006. GRS needs a COLA number to factor into their presentation of the employer rate during the January meeting. The Board agreed to have GRS run two separate COLA percentages, 1.5% and 2.0%.

The next meeting was scheduled for January 10, 2006 at 10:00 a.m.

The January meeting was tentatively scheduled for January 31, 2006 at 10:00 a.m. The February meeting was tentatively scheduled for February 28, 2006.

Kevin Boehnlein moved to adjourn this meeting. Tim Walsh seconded the motion. The motion carried.

There being no additional business, the meeting adjourned at 11:55 a.m.